

June 17, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**CITY OF AVALON COMMUNITY REDEVELOPMENT PROJECT AMENDMENT NO. 1  
(FOURTH DISTRICT) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve Amendment No. 1 (Amendment) to Agreement for Reimbursement of Tax Increment Funds (Agreement) of December 13, 1983 between the Avalon Community Improvement Agency, the City of Avalon, and the County of Los Angeles for the Redevelopment Plan for the Avalon Community Improvement Project in order to settle a dispute regarding the administration of the project, provide County deferral to the Agency, and repayment of County deferral by the Agency, allowing the Agency to issue an additional \$11 million in tax increment bonds for specified projects.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed Amendment defines the County's contribution to public improvement projects consistent with the 1983 Agreement. According to the Agreement, the County was to contribute its share of property tax increment to fund priority capital projects up to a designated limit. However, the calculation of what constitutes the limit is now in dispute. In order to clarify the County's contribution, this Amendment replaces the limit with a defined County deferral. The Amendment also accelerates County receipt of its full share of tax increment and increases the overall tax increment allocated to the County as compared to the current Agreement.

### **Implementation of Strategic Plan Goals**

These recommendations are consistent with the following Strategic Plan Goals:

Goal 3: Organizational Effectiveness: Ensure that service delivery systems are efficient, effective, and goal-oriented.

Goal 4: Fiscal Responsibility: Strengthen the County's fiscal capacity.

### **FISCAL IMPACT/FINANCING**

According to the provisions of the 1983 Agreement, the Agency receives the majority of the tax increment to fund a list of "priority projects." The County's receipt of tax increment is limited to the annual 2 percent growth share. This arrangement was to continue up to a designated limit of tax increment dollars. Once this limit was reached, the County would begin to receive its full share of tax increment (42 percent net of the low and moderate housing set-aside requirement). The determination as to what is counted towards the designated limit is in dispute, as the County and the Agency have different opinions of the limit based on the interpretation of the Agreement language and other documents. Based on the County's interpretation, the limit would be reached in 2006-07, while according to the Agency's, the limit would not be reached in the foreseeable future.

In order to resolve this dispute, the designated limit will be eliminated. The County will provide a commitment of County deferral, which will be repaid by the Agency. This will allow the Agency to issue additional tax allocation bonds to finance the remaining "priority projects." According to County estimates, the deferral over the next ten years would equal approximately \$3.5 million. The deferral balance would be repaid by the Agency with interest paid only on the annual deferral amount, over the following ten years.

Under the terms of the Amendment the County will begin to receive its full 42 percent share of tax increment immediately, a portion of which will be deferred to the Agency over the next ten years as indicated above. For example, in 2003-04 it is estimated that the County will receive \$1.5 million and defer \$400,000. Under the current Agreement, the County would receive only the 2 percent growth share of approximately \$500,000. Taking into

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account the extended County deferral and repayment, the County will benefit by receiving its share earlier than under the terms of the current Agreement. According to County estimates, the benefit to the County over the next thirty years will be approximately \$5.2 million (\$3.1 million present value assuming 5 percent discount rate).

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Written approval of the Board is required for any modification or amendment to the Tax Allocation Agreement. The proposed Amendment No. 1 is attached. The Amendment will:

- Replace the disputed designated limit clause with County deferral of its share of property tax increment for Agency debt payments and administrative expenses;
- Repay the County deferral with interest (as defined);
- Resolve a past claim of \$1 million overpayment to the Agency based on a miscalculation of County 2 percent growth share;
- [Confirm the 50-year maximum time limit of the project.](#)
- Convert the 1998 variable rate bond to a fixed rate bond;
- Authorize the issuance of Phase 1 Debt up to a maximum of \$11,045,000 (inclusive of principal and issuance costs);
- Prohibit additional Agency debt while there is an outstanding deferral balance without the express written consent of the County;
- Include a "City Contribution" to offset potential additional ERAF transfers; and
- Clarify administrative procedures.

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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The issuance of the Phase 1 tax allocation bond will allow the Agency to complete projects contemplated in the original Agreement including: State mandated seismic upgrades at Avalon Municipal Hospital; structural repairs to the Cabrillo Mole Ferry Terminal; fire flow improvements in the Pebbly Beach annexation area; flood control (the entire downtown is in a flood plain); sewer plant improvements; and road paving projects in the annexation area.

**CONCLUSION**

At such time as the recommendation is approved by your Board and the two originals of the Amendment are executed by the Chair, please return one copy of the Board letter and both originals of the Amendment to the Chief Administrative Office, Office of Unincorporated Area Services and Special Projects. Once the Amendments are executed by the City and Community Improvement Agency of Avalon, one fully executed original will be filed with the Executive Officer of the Board of Supervisors.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:LS  
MKZ:RM:nl

Attachment

c: Auditor-Controller  
County Counsel  
Avalon Community Improvement Agency  
City of Avalon

**AMENDMENT NO. 1  
TO AGREEMENT FOR REIMBURSEMENT  
OF TAX INCREMENT FUNDS**

(Redevelopment Plan for the Avalon Community Improvement Project Area)

THIS AMENDMENT NO. 1 TO AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS ("Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2003, by and between the Avalon Community Improvement Agency (the "Agency"), the City of Avalon (the "City"), and the County of Los Angeles (the "County").

RECITALS

A. The City Council of the City adopted an ordinance on or about November 22, 1983 approving the Redevelopment Plan (the "Plan") for the Avalon Community Improvement Project (the "Project") pursuant to the California Community Redevelopment Law (California Health & Safety Code Section 33000 et seq. (the "Redevelopment Law"). The Plan delineated certain area within the Project for redevelopment (the "Project Area"). The Plan became effective as of January 1, 1984.

B. The Plan authorized the Agency be allocated certain property taxes derived from the increase in the assessed valuation of property within the Project Area over the assessed valuation of such property for the base year 1983-84.

C. At the time the Plan was adopted, Section 33401 of the Redevelopment Law authorized the Agency to compensate affected taxing entities for any amounts of money that the Agency determined appropriate to alleviate financial burden or detriment caused by the Project. In accordance with Section 33401, the City, the Agency and the County entered into that certain Agreement for Reimbursement of Tax Increment Funds dated December 13, 1983 (the "Agreement") pursuant to which the Agency agreed to share Tax Increment Revenues (as hereinafter defined) with the County to alleviate the adverse fiscal impact of the Plan on the County.

D. The parties dispute the meaning of certain terms of the Agreement. To resolve it, the parties seek to amend the Agreement to eliminate Section 3A of the Agreement, to clarify certain other terms and to add new terms under which the County will defer receipt of its portion of Tax Increment Revenues. It is the expectation of the parties that the County be repaid the sums deferred.

Now, therefore, in consideration of the foregoing, the parties agree as follows:

**SECTION 1. Definitions.**

- 1.0 **"Agency"** means the Avalon Community Improvement Agency of the City of Avalon.
- 1.1 **"Agency Share"** is an amount in each Fiscal Year equal to 47.5 percent of the Tax Increment After Housing Set Aside Deduction for that Fiscal Year.
- 1.2 **"Annual Deferred Amount"** means, for any Fiscal Year, the amount of County Share equal to the amount, if any, by which Debt Service exceeds the Available Tax Increment for that Fiscal Year; provided, that such deduction for Debt Service shall exclude any portion of the Debt Service which is funded from the low and moderate income housing fund and was previously deducted in calculating the Available Tax Increment for that Fiscal Year. Any Annual Deferred Amount shall accrue interest at the rate of 5 percent (5%) per annum,

but only during the Fiscal Year immediately following the Fiscal Year in which the initial deferral of such Annual Deferred Amount occurs. For example: If the Annual Deferral Amount is \$1,000,000 for the 2003-04 Fiscal Year, the total interest payable with respect to that Annual Deferral Amount for the 2004-05 Fiscal Year shall be \$50,000, and no further interest shall thereafter accrue upon the \$1,000,000 in any subsequent fiscal year.

- 1.3 **“Available Tax Increment”** means, with respect to any Fiscal Year, the amount of Tax Increment received by the Agency on a cash basis with respect to the Project Area during such Fiscal Year as shown on the Los Angeles County Auditor-Controller Tax Division Remittance Advice prepared each August for the preceding Fiscal Year less (i) the Property Tax Administrative Fee pursuant to section 95.2 of the Revenue and Taxation Code; (ii) the amounts that the Agency is required by law to allocate from those Tax Increment Revenues for specified purposes, including obligations under Section 33334.2 of the Redevelopment Law; (iii) Permitted Administrative Expenses; and (iv) any amounts the Agency is required to allocate pursuant to Section 33607.5 of the Redevelopment Law to public entities other than the County. Without limitation of the foregoing, the deduction under (ii) above shall include any Tax Increment deposited in the low and moderate income housing fund and/or applied to Debt Service on any bond proceeds used for housing purposes. The calculation of Available Tax Increment with respect to any Fiscal Year will be based on the amount of Tax Increment received by the Agency with respect to the Project Area during such Fiscal Year without regard to whether such funds are derived from tax collections with respect to such Fiscal Year or any prior Fiscal Year.
- 1.4 **“City”** means the City of Avalon.
- 1.5 **“County”** means the County of Los Angeles including the County Public Library.
- 1.6 **“County Share”** is an amount in each Fiscal Year equal to 52.5 percent of the Tax Increment After Housing Set Aside Deduction for that Fiscal Year.
- 1.7 **“Cumulative Deferred Amount”** means the total of all Annual Deferred Amounts and accrued interest thereon as provided in this Amendment. The Cumulative Deferred Amount shall be carried forward to the next and subsequent years until fully repaid or until the Agency's legal right to claim and receive tax increment revenues generated in the area covered by the Plan as amended ceases.
- 1.8 **“Debt Service”** means all principal, interest, premium, if any, and all ongoing administrative fees and costs relating to the issuance or maintenance of the Phase 1 Debt and/or the Phase 2 Debt, as the case may be, including trustee's fees, and fees for calculation of arbitrage rebate.
- 1.9 **“Fiscal Year”** is the period from July 1 through the following June 30.
- 1.10 **“Independent Redevelopment Consultant”** means any consultant or firm of consultants appointed by the Agency (i) judged by the Agency to have substantial experience in the estimation of assessed values with respect to redevelopment projects; and (ii) independent and not under the direct or indirect domination of the Agency. An Independent Redevelopment Consultant may nonetheless be regularly retained to make reports to the Agency.
- 1.11 **“Agreement”** means the parties' December 13, 1983 Agreement for Reimbursement of Tax Increment Funds.

- 1.12 **"Permitted Administrative Expenses"** are all administrative expenses permitted by law to be incurred by the Agency in connection with the Plan, this Amendment, and the Project, provided these shall not exceed the amount of Three Hundred Eighty-Six Thousand Dollars (\$386,000) in the 2001-2002 Fiscal Year, and for each succeeding Fiscal Year through the date of termination of the Plan, \$386,000 annually compounded 2 percent (2%). For example, the Permitted Administrative Expenses for Fiscal Year 2002-2003 shall be \$393,720 (\$386,000 X 1.02) and the Permitted Administrative Expenses for Fiscal Year 2003-2004 shall be \$401,594 (\$393,720 x 1.02).
- 1.13 **"Phase 1 Debt"** is the Agency's existing bonded indebtedness together with any additional debt to be issued or incurred through the 2004-05 Fiscal Year. Phase 1 Debt shall not exceed \$11,045,000 of principal inclusive of all costs of issuance.
- 1.14 **"Phase 2 Debt"** is prospective Agency indebtedness, if any, to be issued or incurred during or after the 2008-2009 Fiscal Year which would result in additional deferral of the receipt of the County Share in excess of the deferral of the receipt of the County Share resulting from Phase 1 Debt.
- 1.15 **"Agency Debt"** means prospective Agency indebtedness for which deferral of the receipt of the County Share is not required. County consent to Agency Debt is not required if the Agency has no outstanding deferral to the County. Agency may not issue Agency Debt while still owing the County a cumulative deferral amount due to Phase 1 Debt without the express written consent of the County.
- 1.16 **"Tax Increment"** means, with respect to any Fiscal Year, the amount of moneys received by the Agency from that portion of property taxes collected from assessments in the Project Area under the basic tax levy which are allocated to and paid into a special fund of the Agency pursuant to Section 33670(b) of the Redevelopment Law, including any identifiable California state legislative supplements to or substitutes for such ad valorem property taxes the Agency receives with respect to the Project pursuant to the Redevelopment Law, and including those revenues attributable to the basic tax levy on real property described in Section 1(a) of Article XIII A of the California Constitution. The calculation of Tax Increment will be based on the amount of tax revenues actually available to the Project Area during any Fiscal Year whether such funds are derived from tax collections for such Fiscal Year or any prior Fiscal Year.

## SECTION 2. Elimination of Subparagraph 3 "Priority Projects" Funding.

The allocation provisions of the Agreement set forth in paragraph 3, including Subparagraphs A through D, inclusive, are hereby deleted and superseded by the deferral provisions of Sections 5, 6, 7, and 8 of this Amendment.

## SECTION 3. Increase of Tax Increment Limitation and Approval of Agency Amendment.

The sixth clause of the Recitals of the Agreement (under "Witnesseth") is amended and restated in its entirety to read, "WHEREAS, the County desires and the Agency agrees to limit the allocation of tax increment to the Agency to five hundred million dollars (\$500,000,000) over the life of the project;"

The first sentence of the third subparagraph of paragraph 2, at p. 3, of the Agreement is amended and restated in its entirety to read "-- The total amount of tax increments allocated and paid to the Agency shall not exceed five hundred million dollars (\$500,000,000) and no portion of tax increment revenues distributed and paid to the County taxing entities, except the property tax administrative fees authorized by Revenue and Taxation Code section 95.2 or any future equivalent, shall be counted toward such total."

#### SECTION 4. Forgiveness of Agency Indebtedness to County.

The parties acknowledge that the County has asserted that the Agency has, as of the date of this Amendment, received overpayments totaling \$1,025,829 of Tax Increment to which the County taxing entities were entitled due to miscalculation of their right to receive payments under the terms of clause 3A of the Agreement. Effective upon execution of this Amendment, the County waives, relinquishes and forever releases its claim for reimbursement of said sum or any other amount arising under said clause 3A of the Agreement. The Agency covenants that its receipt and use of said sums was and shall be in accordance with the requirements of the Community Redevelopment Law and specifically the provisions of Health & Safety Code, section 33334.2. The inclusion of this Section in this Amendment shall not be construed or understood as an acceptance of or acquiescence to the County's assertion of overpayment or any acknowledgment by the Agency of any liability or responsibility therefor. This Section is included in order to conclusively resolve such potential claim without admitting the correctness thereof.

#### SECTION 5. Deferral of Receipt of County Share and Subordination to Permitted Agency Administrative Expenses and Agency Debt Service.

County agrees to annually defer receipt of a portion of the County Share equal to the Annual Deferred Amount (as defined in Section 1.2 above). Agency's obligation to pay the County Share or repay the Cumulative Deferred Amount shall be subordinated to the prior payment, from the Available Tax Increment, of Permitted Administrative Expenses and Debt Service on the Phase 1 Debt. Agency agrees to convert its 1998 variable rate bond to a fixed rate upon issuance of any new Phase 1 Debt.

If the State of California enacts legislation which results in the transfer of tax increment from the Agency to the Educational Revenue Augmentation Fund (ERAF Transfer), the City of Avalon agrees to contribute from its General Fund an amount calculated as follows:

- (a) If the "Available Tax Increment" is less than the "County Share", the City shall provide the difference up to the amount of the ERAF transfer,
- (b) If the "Available Tax Increment" is greater than the "County Share", but there is a "Cumulative Deferred Amount", the City shall provide the amount of the ERAF transfer, but no more than the Cumulative Deferred Amount"
- (c) If the "Available Tax Increment" is greater than the "County Share", and there is no "Cumulative Deferred Amount", the City shall provide the amount of the ERAF transfer, minus the difference between the "County Share" and the "Available Tax Increment"

#### SECTION 6. Phase 2 Debt Deferral

No deferral of additional County Share shall be approved for Phase 2 Debt unless agreed to by entering into a further and separate amendment.

#### SECTION 7. County Options In Lieu of Phase 2 Debt

In the event Agency desires to request deferral of additional County Share to the Phase 2 Debt, Agency shall initiate a request for such deferral in writing. County agrees to consult with Agency and may, in County's sole discretion, elect one of the following alternatives:

- (a) Decline to oblige itself for any further deferral of the County Share to the Phase 2 Debt;



- (b) Agree, by entering into a further and separate amendment, to a further deferral of County Share to fund an additional amount of Agency indebtedness, for which the parties agree projected assessed valuation growth in the Project will permit repayment of all Cumulative Deferred Amounts within the then existing term of the Agency's legal right to claim and receive Tax Increment;
- (c) Agree, by entering into a further and separate amendment, to permit additional deferral of County Share to fund an additional amount of Agency indebtedness up to the amount of the projected Phase 2 Debt, provided that the County and Agency agree as follows: (1) that conditions in the Project Area are such that extension of the Agency's right to receive Tax Increment is permitted under the Community Redevelopment Law; (2) that an extension would permit repayment in full of the Cumulative Deferred Amount resulting from the additional indebtedness on the same terms as the repayment of the Phase 1 Debt, and (3) Agency within one year after August 31, 2009 enacts a valid extension which would permit repayment in full of the Cumulative Deferred Amount; or
- (d) Agree, by entering into a further and separate amendment, to a deferral of the County Share sufficient to fund an additional amount of Agency indebtedness up to the amount of the projected Phase 2 Debt notwithstanding that the parties recognize projected assessed valuation growth in the Project will not permit repayment of all of the Cumulative Deferred Amount within the Project lifetime.

#### SECTION 8. Repayment of Deferral Amount and Interest.

As such time as the Available Tax Increment for a given Fiscal Year exceeds the total of the Permitted Administrative Expense, the Debt Service for the Phase 1 Debt, the Debt Service for the Phase 2 Debt (or Debt Service for indebtedness in lieu of Phase 2 Debt to which the County has, by entering into a further and separate amendment, agreed to subordinate payment of the County Share), and the County Share for that Fiscal Year, then the entire excess amount shall be paid to the County until the Cumulative Deferred Amount is fully repaid. After the Cumulative Deferred Amount is fully repaid, any Available Tax Increment which exceeds the current County Share shall be retained by the Agency as set forth in the Agreement and this Amendment. To the extent any Cumulative Deferred Amount remains unpaid when the Agency's legal right to claim and receive tax increment revenue ceases, the balance of such Cumulative Deferred Amount shall be deemed waived and the Agency's obligation to repay any remaining Cumulative Deferred Amount shall terminate.

#### SECTION 9. Administration.

- (a) The County Auditor-Controller shall administer the Agreement, as amended by this Amendment. Agency shall at all times ensure that its current debt service payment schedule is provided to County's Auditor-Controller. For each Fiscal Year during the term of the Agreement, as amended by this Amendment, the County shall prepare and provide to the Agency its periodic remittance advice showing the total amount of Tax Increment Revenues, County Share of Tax Increment Revenues, County Deferral, and any adjustments or deductions. The following administrative process is intended to ensure, through advances of County Deferral, the Agency's receipt of funds necessary to timely fund Permitted Administrative Expenses and to meet the Agency's Debt Service requirements on the authorized indebtedness to which the County Share is subordinate:
  1. The Auditor-Controller will continue to pay the housing set aside funds and the Agency Share to the Agency according to current Auditor-Controller procedures.
  2. The County shall annually advance in full the payment of the County Share of Tax Increment to the Agency through all payments for Fiscal Year 2008-09. The Agency shall provide the Auditor-Controller its current Debt Schedule immediately upon incurring

any portion of Phase I Debt and ensure that the Auditor-Controller is immediately provided any revised Phase I Debt Schedule. Beginning in FY 2009-10 the Auditor-Controller will review the Agency Debt Schedule and determine and remit the deferral amount needed by the Agency to timely satisfy Agency's Debt Service requirements.

3. By October 1st of each Fiscal Year, the Agency shall return to the County the portion, if any, of the County Share deferral in the Prior Fiscal Year which exceeds the Annual Deferred Amount for that prior Fiscal Year.
- b) The Agency shall also provide to the County by October 1<sup>st</sup> of each Fiscal Year a report prepared by an Independent Redevelopment Consultant in a format similar to Exhibit "A" attached hereto (the "Report"), providing the following information with respect to that Fiscal Year:

#### Part I

1. The Cumulative Deferred Amount at the beginning of the Fiscal Year;
2. Annual Deferred Amount;
3. The Cumulative Deferred Amount at the End of the Fiscal Year;
4. Interest on the Annual Deferred Amount for the Prior Fiscal Year – 5%;
5. Cumulative Interest on prior Annual Deferred Amounts.

#### Part II

1. Total Tax Increment (per County Remittance Advice);
  2. County Share;
  3. Amount Deducted per Section 33607.5;
  4. Amount Allocated to Housing Fund per Section 33334.2, less Agency adjustments for Phase 1 Debt attributed to Low and Moderate Income Housing;
  5. County Administrative Fee per Section 95.2;
  6. Available Tax Increment;
  7. Permitted Administrative Expense;
  8. Debt Service for existing tax allocation bond;
  9. Debt Service for Phase 1 Debt; and
  10. Annual Deferred Amount.
- c) The County shall have the right to review and audit the books and records of the Agency from time to time during regular business hours upon reasonable notice with respect to any matters concerning or relating to the Agreement, as modified by this Amendment, and to verify the accuracy of the Report.

- d) The foregoing provisions set forth in this Section 9 shall supersede the provisions now set forth in Paragraph 6 of the Agreement to the extent they are inconsistent with the Agreement.

SECTION 10. Covenant Not to Sue Relating to Litigation. The parties hereby waive any and all causes of action, cases, claims, counts, actions, and/or complaints related to the subject matter of their prior dispute over the interpretation of the Agreement and alleged overpayments received by Agency. Each party acknowledges it is familiar with Section 1542 of the Civil Code of the State of California, which provides:

“A general release does not extend to claims a creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor.”

The parties hereby waive and relinquish any rights and benefits which they may have under Section 1542 of the Civil Code of the State of California to the full extent that it may lawfully waive such rights with respect to the subject matter of the foregoing release.

SECTION 11. No Oral Modification. The parties cannot alter or modify this Amendment except by an instrument in writing executed by both of them.

SECTION 12. No Oral Representations. Each party acknowledges that no other party, agent, or attorney of any other party has made any promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter hereof, to induce it to authorize the execution of this Amendment and acknowledges that it has not authorized the execution of this Amendment in reliance upon any such promise, representation, or warranty not contained herein.

SECTION 13. Choice of law; Interpretation. This Amendment and any controversy that might arise therefrom or related thereto shall be interpreted, enforced, and governed by the internal laws of the State of California without regard to its conflict of laws principles. The Amendment shall be construed as a whole according to its fair meaning and shall not be strictly construed for or against any of the parties hereto. Each party acknowledges that it has been represented by the attorneys of its choice in the negotiation of this Amendment, and that it is fully aware of and understands all of its terms and the legal consequences thereof.

SECTION 14. No Prior Transfer. Each party to this Amendment warrants and represents that each has not previously assigned or transferred, or purported to assign or transfer, any right, title or interest in the rights subject to this Amendment.

SECTION 15. Severability. If any provision of this Amendment shall be determined to be invalid or unenforceable by an arbitrator or court of competent jurisdiction, the remainder of this Amendment shall not be affected thereby and shall remain valid and enforceable to the fullest extent permitted by law.

SECTION 16. Counterparts. This Amendment may be executed in counterparts and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and all counterparts taken together shall constitute one and the same agreement, which shall be binding and effective as to all parties.

SECTION 17. Further Action. The parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Amendment.

SECTION 18. Nonapplicability of A.B. 1290 Payments. The County acknowledges that this Amendment does not affect the continuing effectiveness of the Agreement except as and to the extent expressly modified by this Amendment, and this Amendment does not entitle the County to any payments required

under Section 33607.5 of the California Health and Safety Code or any other codification of A.B. 1290. The County acknowledges that the only payments it is entitled to from the Agency in connection with the Project or the Plan are those set forth in the Agreement as amended by this Amendment. In the event of any conflict between this Amendment and the Agreement, this Amendment shall be controlling and the Agreement shall be deemed modified as necessary to eliminate any such inconsistency.

**SECTION 19. Additional Agency Obligations.**

(a) The trust fund into which the low and moderate income housing amounts are deposited pursuant to Section 33334.2 of the Redevelopment Law shall be held in trust by the Agency and expended within a reasonable time. Accumulated deposits, investment earnings, and itemized expenditures in the fund shall be accounted for separately from all other Agency funds. In the event the Agency borrows from the trust fund, Agency shall repay any such borrowings with interest, calculated at not less than 5% per annum annually compounded. The Agency shall annually provide to the County such accountings in the form of year-end financial statements; and

(b) Nothing in this Amendment shall relieve the Agency from the responsibility of filing a Statement of Indebtedness pursuant to California Health and Safety Code Section 33675.

**SECTION 20. Further Amendment of Plan.** The City and/or the Agency shall not further amend the Plan in any respect affecting Tax Increment Revenues generated in the Project Area without the prior written approval of the County Board of Supervisors.

**SECTION 21. County Recognition.** The Agency, in making any expenditure from the fund set aside for the purposes described in Section 33334.2 of the Redevelopment Law, shall give due recognition, by the posting of appropriate signs or otherwise, that a proportionate share of such expenditures and of the improvement in the supply of low and moderate income housing is a result of the cooperation of the County taxing entities in the Agency's improvement efforts.

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*[Signatures on following page]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the date first herein above written.

“City”:

CITY OF AVALON, a municipal corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

“Agency”:

THE AVALON COMMUNITY IMPROVEMENT AGENCY  
OF THE CITY OF AVALON, a public body, corporate  
and politic

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

“County”:

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair, Board of Supervisors

**ATTEST:**

**VIOLET VARONA-LUKENS**  
**Executive Officer-Clerk**  
**of the Board of Supervisors**

By \_\_\_\_\_

**APPROVED AS TO FORM:**

**Lloyd W. Pellman**  
**County Counsel**

By \_\_\_\_\_  
**Thomas M. Tyrrell**  
**Principal Deputy County Counsel**

## EXHIBIT "A"

### Part I

1. The Cumulative Deferred Amount at the beginning of the Fiscal Year;
2. Annual Deferred Amount;
3. The Cumulative Deferred Amount at the End of the Fiscal Year;
4. Interest on the Annual Deferred Amount for the Prior Fiscal Year – 5%;
5. Cumulative Interest on prior Annual Deferred Amounts.

### Part II

1. Total Tax Increment (per County Remittance Advice);
2. County Share;
3. Amount Deducted per Section 33607.5;
4. Amount Allocated to Housing Fund per Section 33334.2, less Agency adjustments for Phase 1 Debt attributed to Low and Moderate Income Housing;
5. County Administrative Fee per Section 95.2;
6. Available Tax Increment;
7. Permitted Administrative Expense;
8. Debt Service for existing tax allocation bond;
9. Debt Service for Phase 1 Debt; and
10. Annual Deferred Amount.